

Message Text

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FM SECSTATE WASHDC

TO USINT CAIRO PRIORITY

S E C R E T STATE 240816

EXDIS

FOLLOWING SENT ACTION TO SECSTATE INFO LONDON PARIS ROME BRUSSELS
THE HAGUE LUXEMBOURG COPENHAGEN TOKYO JIDDA TEL AVIV TEHRAN
EC BRUSSELS NATO DEC UN QOUE FROM BONN REPEATED TO YOU:

QUOTE S E C R E T BONN 17620

EXDIS

DEPARTMENT ALSO PASS TREASURY, FRB, AND US INTEREST CAIRO

E.O. 11652: XGDS-1

TAGS: PFOR, EEC, XF

SUBJECT: EC-9 AND THE MIDDLE EAST

BEGIN SUMMARY: SENIOR FONOFF OFFICIAL HAS BRIEFED DCM
ON 'RESTRICTED SESSION OF DEC 3-4
BRUSSELS EC COUNCIL MEETING DEALING WITH MIDEAST OIL
PROBLEM. OFFICIAL SAID THAT THE GERMANS HAD PROPOSED
CREATION OF A NEW EC INSTITUTION CALLED "ENERGY COUNCIL,"
WHICH WOULD BE CHARGED WITH PREPARING ANALYSIS OF AND
PRESCRIPTION FOR CURRENT ENERGY CRISIS. WE ARE TOLD
SCHMIDT, FRIEDERICH, AND APEL OFFERED SOME VERY SPECIFIC
PROPOSALS TO BONN'S 8 EC PARTNERS. FONOFF OFFICIAL
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SAID ENERGY ISSUE LIKELY TO BE A MAJOR TOPIC FOR
DISCUSSION BY CHIEFS OF STATE AND GOVERNMENT AS WELL AS
MINISTERS AT COPENHAGEN SUMMIT. END SUMMARY

1. SENIOR FONOFF OFFICIAL HAS INFORMED DCM

THAT FRG MINISTERS SCHMIDT AND FRIDERICHs TOGETHER WITH FONOFF STATE SECRETARY APEL PRESSED THEIR 8 EC PARTNERS VERY HARD AT DEC 3-4 EC COUNCIL MEETING ON THE NEED TO DEVELOP COMMUNITARIAN APPROACH TO CURRENT ENERGY CRISIS. FONOFF REP SAID THE GERMANS CAME UP WITH SOME VERY SPECIFIC SUGGESTIONS INCLUDING POOLING OF RESERVES, R&D AND SUBSTITUTION⁷THE CREATION OF A COMMON ENERGY POLICY AND A NEW INSTITUTION TO BE KNOWN AS "EC ENERGY COUNCIL." FRG MINISTERS SAID THE PROBLEM SHOULD BE ENTRUSTED TO A GROUP OF PEOPLE AND STAFF (I.E., ENERGY COUNCIL) WHO, WITH THE EC COMMISSION, COULD ANALYZE AND THEN PRESCRIBE WAYS AND MEANS TO DEAL WITH CRISIS. NEW INSTITUTION SHOULD BE ACCORDED MANDATE DESIGNED TO GUARANTEE ACTION. POINTING TO POSSIBLE CONSEQUENCE OF ENERGY CRISIS IN THE MONETARY FIELD, SCHMIDT ASSERTED THAT THE DOLLAR INCOME OF ARAB COUNTRIES WOULD BE TREBLED IN A RELATIVELY SHORT TIME AND THAT THIS COULD HAVE SERIOUS CONSEQUENCE FOR A WORLD OF FLOATING DOLLARS AND OTHER CURRENCIES.

2. IN ARGUING FOR ABOVE APPROACH, FONOFF REP SAID THE GERMAN MINISTERS LAID GREAT EMPHASIS ON THE IMPORTANCE OF SOLIDARITY OF THE NINE, SAYING ENERGY CRISIS AFFORDED IMPORTANT TEST FOR EUROPEAN UNION. FRG MINISTER SAID THIS WAS OCCASION TO PROVE THAT THE NINE ARE ABLE IN THIS CRUCIAL AREA TO ACT TOGETHER AND TO SHAPE POLICY PROTECTING THEIR INTERESTS, AS EXPRESSED THROUGH A COMMUNITY BODY--AN ENERGY COUNCIL. FRG REP SAID BONN THOUGHT THIS BODY COULD ALSO BE ENTRUSTED WITH THE TASK OF REPRESENTING COMMUNITY VIEWS TO THE ARAB GOVERNMENTS RATHER THAN ASSIGNING THIS TASK, AS IN THE PAST (BONN 17225), TO AMBASSADORS ON THE SPOT. GERMANS ARGUED THAT NO EC COUNTRIES COULD REMAIN ISOLATED FROM THE FACT OF SCARCITY, GIVEN THE INTERLOCKING CHARACTER OF THE COMMUNITY SYSTEM. FINALLY, FRG MINISTERS POINTED OUT THAT CONVINCING COMMUNITARIAN APPROACH ON ENERGY
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CRISIS COULD CHANGE THE MINDS OF MANY U.S. OFFICIALS WHO NOW BELIEVE THAT THE EC-9 WOULD NEVER DEVELOP INTO A GENUINE EUROPEAN UNION.

3. FONOFF REP SAID BONN'S EC PARTNERS REACTED WITH SOME SURPRISE AT THE SPECIFIC CHARACTER OF GERMAN PROPOSALS, ENTERING INTO DISCUSSION BUT SAYING THAT THE GERMAN SUGGESTIONS EXCEEDED THEIR POWER OF ATTORNEY. WHILE REACTION WAS NOT NEGATIVE, FONOFF OFFICIAL SAID HE DID NOT UNDERESTIMATE THE DIFFICULTY AHEAD IN FASHIONING COMMUNITY ENERGY POLICY. MESSMER'S RECENT COMMENTS ABOUT HANDLING OIL THROUGH STATE-TO-STATE RELATIONS, INSTEAD OF VIA THE MULTI-NATIONALS AND THE WISH OF SOME EC STATES TO SIMPLY INSIST ON FULFILLMENT

OF CONTRACTS BY THE OIL COMPANIES, WAS A MANIFESTATION
OF THE "I'M ALRIGHT JACK" PHILOSOPHY THAT WILL BE SO
HARD TO OVERCOME. IN ANY CASE, THE GERMAN PROPOSALS
AND THE ENERGY CRISIS IN GENERAL HAVE NOW BEEN BUCKED UP
TO THE SUMMIT, WHERE IT WILL BE DISCUSSED IN
COPENHAGEN BOTH BY CHIEFS OF STATE AND GOVERNMENT AS WELL
AS THE FOREIGN MINISTERS MEETING ON THE MARGINS OF THE
SUMMIT MEETING.
HILLENBRAND UNQUOTE RUSH

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